

## EXTENSION OF PUBLIC LAW 480

JULY 15, 1959.—Ordered to be printed

Mr. ELLENDER, from the Committee on Agriculture and Forestry,  
submitted the following

### REPORT

[To accompany S. 1748]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1748) to extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would—

- (1) extend title I (sales for foreign currency) and title II (famine relief) of Public Law 480, 83d Congress, for 1 year until December 31, 1960;
- (2) increase the title I authorization by \$1.5 billion; and
- (3) increase the title II authorization by \$300 million.

### OTHER PROPOSALS

A number of suggested changes in Public Law 480 were received from the Department of Agriculture just prior to the meeting at which the committee voted to report out S. 1748, and the committee is informed of many additional proposals to amend Public Law 480. There is no doubt considerable merit in these proposals and they deserve to be very carefully examined. This the committee proposes to do. However, it is essential that the act be extended, without lapse (as has been the case previously), and the committee felt that a simple extension of the act should be reported and passed immediately, to be followed by consideration of needed amendments. This will permit orderly programing under the act and permit appropriate consideration of proposed changes. It is the hope of the committee that this bill can be passed without being encumbered with amendments which have not yet received the consideration which the committee proposes to give to them.

## SUMMARY OF OPERATIONS

Agreements signed since the beginning of the program provide for the shipment of 840 million bushels of wheat, 4 million bales of cotton, 33.5 million bags of rice, 3.3 billion pounds of vegetable oil, 210 million bushels of feed grains, 250 million pounds of tobacco, 120 million pounds of meat, 180 million pounds of lard, 285 million pounds of dairy products, 175 million pounds of fruit and vegetables, as well as other commodities.

In 1955-56, the first full year of operation of title I, foreign currency shipments totaled \$427 million at export market value, or 12 percent of total U.S. agricultural exports. During 1956-57 title I shipments amounted to \$900 million, nearly 20 percent of the total; during 1957-58 about \$650 million, approximately 16 percent; and during 1958-59, \$725 million, about 20 percent.

Agreements signed to date will result in foreign currency payments of more than \$3.7 billion. About 60 percent of the total will be used for economic development purposes in importing countries, about 10 percent will be used to support the defense forces of our allies, and the remaining 30 percent is planned for meeting U.S. expenses overseas and expanding certain U.S. programs.

Title I originally provided for an authorization of \$700 million in terms of what it costs the Government to supply commodities under the program. The value of these commodities at current world prices, of course, is considerably less. This authorization has been raised four times and now is \$6.25 billion. Nearly \$5.1 billion of this limit has moved or will move under more than 150 agreements signed with 38 friendly countries. Agreements totaled about \$500 million in the year ending June 30, 1955, \$1 billion in 1955-56, \$1.5 billion in 1956-57, \$1 billion in 1957-58, and \$1.1 billion last year.

For certain commodities the program has been particularly important. For example, more than half the total U.S. wheat exports during the past fiscal year, or about 230 million bushels, moved under title I; also, about 750 million pounds of soybean oil and cottonseed oil, or about 65 percent of total edible oil exports; about one-third of rice exports; and one-fifth of cotton shipments.

The value and quantity of commodities which have been programmed under agreements signed during fiscal year 1959, and cumulative totals, are shown later in this report in tables I and II.

## USES OF FOREIGN CURRENCIES

Foreign currencies received in payment for commodities are deposited to the account of the United States overseas and are used for purposes authorized in section 104 of Public Law 480 and specified in the sales agreement. Several departments and agencies have responsibility for administering the expenditure of these currencies. For example, the Department of Agriculture is concerned with the use of currencies for agricultural market development purposes; the International Cooperation Administration for currencies loaned back to importing countries for economic development purposes; and the Export-Import Bank of Washington for currencies loaned to private business firms.

About \$52 million in currencies has been tentatively earmarked for agricultural market development under existing agreements. To date, about \$12 million of this is being obligated for approved projects together with contributions by private trade organizations cooperating in these projects of nearly \$6 million. Trade fair and other activities not involving project agreements with trade groups total the equivalent of about \$6 million. Results of these promotion efforts are expanding agricultural outlets. Cotton use is up in several countries, particularly France and Japan; tobacco and wheat consumption is increasing in a number of countries; poultry sales have increased in West Germany; and sales of livestock are being made in South America. In this connection, 40 international exhibits have been held in 16 countries with emphasis on distributing samples to millions of fair visitors.

About half the foreign currencies expected to accrue under existing agreements will be loaned back to importing countries for use in economic development projects agreed upon with the International Cooperation Administration. Considerable emphasis is placed upon coordinating plans for the use of these funds with the overall development programs of these countries. In approving loan projects for agricultural purposes care is exercised to avoid encouragement of production which would result in reduced outlets for U.S. agricultural commodities.

The extension of Public Law 480 granted in August 1957 provided for relending of foreign currencies, largely to U.S. firms and their affiliates, to assist in the development and expansion of private business in foreign countries. The equivalent of about \$225 million is being reserved for these purposes in agreements negotiated to date with 22 countries. These funds will be available to private business firms through the Export-Import Bank of Washington when commodities under these agreements are shipped and paid for and proceeds assigned to the bank.

Currencies are also being used for the payment of U.S. expenses abroad; for the procurement of military services and equipment for military assistance; for educational exchange programs; for assistance to American-sponsored schools, libraries, and community centers; for the translation, publication, and distribution of books and periodicals; and for the purchase of goods for other friendly countries. Details on the planned uses of these currencies are shown in table III.

#### TRADE DEVELOPMENT

The Agricultural Trade Development and Assistance Act of 1954, as amended, declared trade expansion as the policy of Congress. A stated objective of this policy was:

\* \* \* To stimulate and facilitate the expansion of foreign trade in agricultural commodities produced in the United States \* \* \*.

Section 104(a) was listed as the first currency use:

To help develop new markets for United States agricultural commodities on a mutually benefiting basis.

This was no accident. It was and is the intention of Congress that foreign currencies be used to the maximum extent possible for agricultural market development and that first priority be given this use.

This committee is concerned by reports that funds are inadequate for continuation and expansion of section 104(a) market promotional work abroad. This problem has developed as a result of increased claims for foreign currencies for other uses and fewer title I sales being made in commercial market areas with a corresponding increase in underdeveloped countries. To insure that sufficient funds are available for section 104(a) market promotional activities, this committee recommends:

1. The use of foreign currencies for section 104(a) should be given priority over other nonreimbursable U.S. uses. The committee, in approving the enactment of new currency uses, did not contemplate that this would result in a reduction of currencies available for section 104(a).
2. The Secretary of Agriculture should determine the level of funds needed for section 104(a) before foreign currencies are made available for other nonreimbursable U.S. uses authorized in the law.
3. The committee commends the Department for negotiating convertibility to nondollar currencies in title I sales agreements. However, the amount of conversion included in such agreements should be increased to permit greater market promotion looking toward the creation of permanent dollar markets in commercial market areas. Further, the inclusion of convertibility for section 104(a) should be a condition for the approval of future title I sales agreements.



TABLE 1.—Commodity composition of programs under title I, Public Law 480 agreements signed through June 30, 1959

[Millions of dollars]

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Other	Total			
									Market value	Ocean transportation <sup>1</sup>	Market value including ocean transportation	Estimated CCC cost including ocean transportation
Argentina.....			4.6				25.6		30.2	2.8	33.0	35.6
Ceylon.....	4.2		8.3						12.5	2.2	14.7	21.8
China (Taiwan).....	7.6				2.6	1.0	.7		11.9	1.5	13.4	17.5
Finland.....				1.0	2.8			0.1	3.9	.1	4.0	4.2
France.....				24.0	3.5				27.5	.8	28.3	44.3
Iceland.....	.6	0.5	.1	.4	.4		.1		2.1	.2	2.3	2.8
India.....	191.3	4.1							195.4	45.2	240.6	336.7
Indonesia.....	5.0		7.2	23.0		2.0			37.2	3.1	40.3	58.3
Israel.....	11.5	15.7	.5	1.0	.2	1.5	2.4	.3	33.1	5.2	38.3	49.5
Korea.....	20.3	.5		7.5					28.3	4.7	33.0	48.3
Pakistan.....	53.7		7.2	17.7		.2	10.4		73.2	12.7	85.9	117.2
Poland.....	14.1	11.6		8.8		.8	4.7		40.0	4.0	44.0	58.3
Spain.....		11.5		17.0	8.8	.5	62.7	2.0	102.5	6.5	109.0	115.3
Turkey.....			.7			.4	30.2	.5	31.8	2.9	34.7	35.6
United Arab Republic.....	21.5	3.3	5.3		9.0	.5	3.2	.5	43.3	5.0	48.3	62.3
Uruguay.....		2.2		3.5	6.1				11.8	.7	12.5	13.5
Yugoslavia.....	55.8			18.2			9.9	1.8	85.7	10.6	96.3	134.7
Total agreements July 1, 1958, to June 30, 1959.....	385.6	49.4	33.9	106.1	33.4	6.9	149.9	5.2	770.4	108.2	878.6	1,155.9
Total agreements through June 30, 1958.....	1,024.7	197.9	179.3	510.2	147.9	41.3	376.3	59.5	2,537.1	285.5	2,822.6	3,922.6
Total agreements through June 30, 1959.....	1,410.3	247.3	213.2	616.3	181.3	48.2	526.2	64.7	3,307.5	393.7	3,701.2	5,078.5

<sup>1</sup> Includes only ocean transportation to be financed by CCC.<sup>2</sup> Extra-long staple.<sup>3</sup> See the following:

Corn.....	16.6
Grain sorghums.....	10.8
Barley.....	22.0

Total..... 49.4

See the following:

Dry whole milk.....	0.4
Nonfat dry milk.....	5.2
Butter oil.....	1.3

Total..... 6.9

<sup>5</sup> Cottonseed and/or soybean oil.<sup>6</sup> See the following:

Finland: Fresh lemons.....	0.1
Israel, Turkey, and Yugoslavia: Dry edible beans.....	2.6

Spain:

Dry edible beans..... 1.5

Poultry..... .5

UAR: Poultry..... .5

Total..... 5.2

TABLE II.—Approximate quantities of commodities under title I, Public Law 480 agreements signed through June 30, 1959

Country	Wheat and flour	Feed grains	Rice	Cotton	Tobacco	Dairy products	Fats and oils	Poultry	Dry edible beans	Fruits and vegetables	Meat	Hay and pasture seeds
	1,000 bushels	1,000 bushels	1,000 cwt.	1,000 bales	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 cwt.	1,000 pounds	1,000 pounds	1,000 cwt.
Argentina.....	-----	-----	772	-----	-----	-----	165,347	-----	-----	-----	-----	-----
Ceylon.....	2,688	-----	1,366	-----	-----	-----	-----	-----	-----	-----	-----	-----
China (Taiwan).....	4,596	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Finland.....	-----	-----	-----	5.9	3,059	4,509	4,965	-----	-----	1,102	-----	-----
France.....	-----	-----	-----	200.0	4,385	-----	-----	-----	-----	-----	-----	-----
Iceland.....	-----	-----	-----	2.4	5,333	-----	-----	-----	-----	-----	-----	-----
India.....	314	325	17	-----	400	-----	714	-----	-----	-----	-----	-----
Indonesia.....	113,106	3,075	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Israel.....	3,201	-----	1,200	153.3	-----	28,571	-----	-----	-----	-----	-----	-----
Korea.....	6,726	13,768	88	6.0	264	16,884	18,106	-----	41	-----	-----	-----
Pakistan.....	12,030	418	-----	65.2	-----	-----	-----	-----	-----	-----	-----	-----
Poland.....	31,232	-----	1,200	15.0	-----	2,143	68,162	-----	-----	-----	-----	-----
Spain.....	8,151	9,824	-----	70.4	-----	11,429	33,069	-----	-----	-----	-----	-----
Turkey.....	-----	9,484	-----	103.0	12,572	2,400	534,485	1,787	206	-----	-----	-----
United Arab Republic.....	12,590	2,540	110	-----	-----	3,418	207,947	-----	66	-----	-----	-----
Uruguay.....	-----	1,768	833	-----	10,588	1,323	26,667	1,323	-----	-----	-----	-----
Yugoslavia.....	33,304	-----	-----	20.6	6,778	-----	-----	-----	-----	-----	-----	-----
Total agreements, July 1, 1953, to June 30, 1959.....	227,938	<sup>2</sup> 41,202	5,586	757.3	43,379	<sup>3</sup> 70,677	<sup>4</sup> 1,138,662	3,110	548	1,102	-----	-----
Total agreements through June 30, 1958.....	614,697	168,852	27,879	3,228.5	206,721	214,849	2,492,608	14,300	43	175,057	120,872	10
Total agreements through June 30, 1959.....	842,635	210,054	33,465	3,985.8	250,100	285,526	3,631,270	17,410	591	176,159	120,872	10

  

	Bushels	Pounds
<sup>1</sup> Extra-long staple.....	-----	-----
<sup>2</sup> See the following:	-----	-----
Corn.....	12,507,000	740,000
Grain sorghums.....	9,739,000	67,638,000
Barley.....	18,956,000	2,299,000
Total.....	41,202,000	70,677,000

  

<sup>3</sup> See the following:	-----
Dry whole milk.....	-----
Nonfat dry milk.....	-----
Butter oil.....	-----
Total.....	-----
<sup>4</sup> Cottonseed and/or soybean oil.....	-----

TABLE III.—Planned uses of foreign currency under title I, Public Law 480, agreements signed through June 30, 1959 <sup>1</sup>

[Amounts in million dollar equivalents at deposit rate of exchange]

Country	Total in agreements (market value including ocean transportation)	104(a) Market development	104(b) Purchase of strategic materials	104(c) Military procurement	104(d) Purchase of goods for other countries	104(e) Grants for multitrade and economic development	104(e) Loans to private enterprise	104(f) Payment of U.S. obligations <sup>2</sup>	104(g) Loans to foreign governments	104(h) International educational exchange	104(i) Translation and publication	104(j) Information and education
FISCAL YEAR 1959												
Argentina.....	33.0						8.2	8.3	16.5			
Ceylon.....	14.7					2.2	3.8	2.9	5.8			
China (Taiwan).....	13.4			7.0			3.0	2.4	1.0			
Finland.....	4.0						1.0	3.0				
France.....	28.2				6.2		7.0	15.0				
Iceland.....	2.2							.4	1.8			
India.....	238.8					35.8	59.7	26.7	114.6			2.0
Indonesia.....	40.3					14.2	10.0	5.4	10.0			.7
Israel.....	38.3						9.5	9.6	19.2			
Korea.....	33.0			28.0				5.0				
Pakistan.....	85.9					12.9	12.9	23.4	36.2			.5
Poland.....	44.0							44.0				
Spain.....	109.0							59.7	49.1			.2
Turkey.....	34.7						5.2	12.2	17.0			.3
United Arab Republic.....	48.3						12.0	23.6	11.7	0.5		.5
Uruguay.....	12.4						3.0	2.6	6.3			.5
Yugoslavia.....	94.8					14.2		11.4	69.2			
Total agreements July 1, 1958, to June 30, 1959.....	875.0			35.0	6.2	79.3	135.3	255.6	358.4	.5		4.7
Total agreements through June 30, 1958.....	2,828.3	52.1		273.2	38.1	154.1	88.5	757.6	1,407.9	28.6	6.5	21.7
Total agreements through June 30, 1959.....	3,703.3	52.1		308.2	44.3	233.4	223.8	1,013.2	1,766.3	29.1	6.5	26.4
Uses as percent of total.....	100.0	1.4		8.3	1.2	6.3	6.0	27.4	47.7	.8	.2	.7

<sup>1</sup> Amounts shown are subject to adjustment when actual purchases and allocations have been made.<sup>2</sup> In order to provide flexibility in the use of funds, agreements concluded July 1958 to June 1959 provide that a specified amount of foreign currency proceeds may be used under various U.S. use categories including the new currency uses which are limited to

amounts as may be specified in appropriation acts. Distribution among these uses will be made when allocations have been completed.

<sup>3</sup> Amounts shown in this column may differ from amounts in table I which reflects purchase authorization transactions.

## DEPARTMENTAL VIEWS

U.S. DEPARTMENT OF AGRICULTURE,  
Washington, D.C.

Mr. HARKER T. STANTON,  
Counsel, Agriculture and Forestry Committee,  
U.S. Senate.

DEAR MR. STANTON: There is transmitted herewith a draft of a bill, together with an explanation thereof, that would put into effect the proposal for extending Public Law 480 in accordance with the President's agricultural message and the testimony of the Secretary at the hearing before the committee.

The draft legislation would extend title I of Public Law 480 for 1 year and increase the amount authorized to be expended under title I by \$1,500 million. The draft legislation would also extend title II of Public Law 480 for 1 year and would increase the amount authorized to be expended under title II from \$800 million to \$1,100 million.

Sincerely yours,

EDWARD M. SHULMAN,  
Acting General Counsel.

"A BILL To extend the Agricultural Trade Development and Assistance Act of 1954, and for other purposes

*"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended as follows:*

"(1) Sections 109 and 204 of such act are amended by striking out "1959" and substituting in lieu thereof "1960".

"(2) Section 103(b) of such act is amended by striking out "1959" and substituting in lieu thereof "1960" and by striking out "\$2,250,000,000" and inserting in lieu thereof "\$3,750,000,000".

"(3) Section 203 of such act is amended by striking "\$800,000,000" and inserting in lieu thereof "\$1,100,000,000"."

## EXPLANATION

The foregoing amendment would:

- (1) extend title I of the Agricultural Trade Development and Assistance Act of 1954 for 1 year;
- (2) increase the amount authorized to be expended under title I of such act by \$1,500 million;
- (3) extend title II of the act for 1 year;
- (4) increase the amount authorized to be expended under title II of such act from \$800 million to \$1,100 million.

## CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):



## AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT

\* \* \* \* \*

## TITLE I—SALES FOR FOREIGN CURRENCY

\* \* \* \* \*

## SEC. 103. \* \* \*

(b) Agreements shall not be entered into under this title during the period beginning July 1, 1958, and ending December 31, [1959], 1960, which will call for appropriations to reimburse the Commodity Credit Corporation, pursuant to subsection (a) of this section, in amounts in excess of [\$2,250,000,000] \$3,750,000,000, plus any amount by which agreements entered into in prior fiscal years have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than authorized for such prior fiscal years by this Act as in effect during such fiscal years.

\* \* \* \* \*

SEC. 109. No transactions shall be undertaken under authority of this title after December 31, [1959] 1960, except as required pursuant to agreements theretofore entered into pursuant to this title.

## TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

\* \* \* \* \*

SEC. 203. Not more than [\$800,000,000] \$1,100,000,000 (including the Corporation's investment in the commodities) shall be expended for all such transfers and for other costs authorized by this title. The President may make such transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416. Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after December 31, [1959] 1960.



